



**Office of Governor Ned Lamont**  
STATE OF CONNECTICUT

**Senate Bill 13 – An Act Reducing Prescription Drug Prices**

Senator Lesser, Representative Wood, Senator Hwang, Representative Pavalock-D’Amato, and esteemed members of the Insurance and Real Estate Committee, I’m Jonny Dach, Governor Lamont’s policy director. On behalf of the Governor, I urge you to **support** Senate Bill 13.

Healthcare is a human right that too many Connecticut residents struggle to afford. Balancing family budgets while paying for coverage and care is a burden on nearly all of our families. Nearly 200,000 residents, or 5% of our friends and neighbors, lack health insurance altogether.

Expanding access to affordable, high-quality care requires addressing the underlying costs of that care across the healthcare sector. As every family and employer knows, one significant cost is prescription drug prices. Americans pay much more for pharmaceuticals than our peers in other developed countries. In fact, an analysis of fifty drugs purchased through the state employee and retiree healthcare plan showed that if we paid Canadian instead of U.S. prices for those drugs, our taxpayers and insureds could save 57% of their cost. Even if we paid no more than *double* Canadian prices, they could save 35%.

Drug prices are not only unacceptably high, they are also increasing unacceptably quickly. A recent analysis of more than 3,000 drugs by the Kaiser Family Foundation found that prices of more than half those drugs increased faster than the rate of inflation, and the price of the median drug among those increased by 3.5 times the rate of inflation.<sup>1</sup> The cost of 1 in 7 drugs – drugs based on previously incurred research and development costs – increased by more than 10%. Although we value the benefits of cutting-edge research and the hard work of our healthcare system, now more than ever, those are cost increases that Connecticut families and Connecticut businesses, who pay the lion’s share of their employees’ health care costs, cannot afford. Three in ten Americans report cutting pills in half, skipping doses, or substituting drugs because of the high cost of prescription drugs.

Senate Bill 13 includes two solutions to the problems confronting Connecticut families and employers.

First, similar to a bipartisan federal proposal, it would limit annual increases in drug prices to no more than inflation plus two percent. That limit would be enforced by a civil penalty equal to 80% of the excess revenues, and any penalties collected would fund subsidies for residents on the exchange.

Second, similar to language that passed the House with substantial bipartisan support in 2019, it would allow the Department of Consumer Protection to oversee the safe importation of certain drugs from Canada. Last summer, President Biden issued an Executive Order directing the Food and Drug

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<sup>1</sup> <https://www.kff.org/medicare/issue-brief/prices-increased-faster-than-inflation-for-half-of-all-drugs-covered-by-medicare-in-2020/>

Administration to reduce drug costs while protecting public health and safety by working with states that propose to develop importation programs.<sup>1</sup> Although federal approval of those programs cannot be guaranteed, bipartisan coalitions in six other states, including all three of our neighbors in northern New England, have enacted laws to allow the importation of Canadian drugs. It is time for Connecticut to follow suit.

Thank you for the opportunity to testify today. Governor Lamont looks forward to working with you to reduce prescription drug costs.

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<sup>1</sup> <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/07/09/executive-order-on-promoting-competition-in-the-american-economy/>